## APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

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Nos. 234, 388, 235—August Term 1991

(Argued October 3, 1991 Decided April 2, 1992)

Docket Nos. 91-7396, 91-7442, 91-7540

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ART ROGERS,
*Plaintiff-Appellee-Cross-Appellant,*

v.

JEFF KOONS; SONNABEND GALLERY, INC.,
*Defendants-Appellants-Cross-Appellees.*

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Before:

CARDAMONE, PIERCE and WALKER
*Circuit Judges*

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Appeal by defendants Jeff Koons and Sonnabend Gallery, Inc. from a judgment dated December 10, 1990 in the United States District Court for the Southern District of New York (Haight, J.) that granted plaintiff Art Rogers summary judgment in his copyright infringement suit, 17 U.S.C. § 101 *et seq.* against appellants. Appellants also appeal from that portion of the district court order requiring appellant Koons to turn over to appellee

his artist proof pursuant to 17 U.S.C. § 503(b). Appellee cross-appeals from the denial of an award of infringing profits under 17 U.S.C. § 504, which the district court reserved for trial.

Affirmed.

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CARDAMONE, *Circuit Judge*:

The key to this copyright infringement suit, brought by a plaintiff photographer against a defendant sculptor and the gallery representing him, is defendants' borrowing of plaintiff's expression of a typical American scene—a smiling husband and wife holding a litter of charming puppies. The copying was so deliberate as to suggest that defendants resolved so long as they were significant players in the art business, and the copies they produced bettered the price of the copied work by a thousand to one, their piracy of a less well-known artist's work would escape being sullied by an accusation of plagiarism.

## BACKGROUND FACTS

### A. *Rogers*

We think it helpful to understanding this appeal to set forth the principals' professional backgrounds. Plaintiff, Art Rogers, a 43-year-old professional artist-photographer, has a studio and home at Point Reyes, California, where he makes his living by creating, exhibiting, publishing and otherwise making use of his rights in his photographic works. Exhibitions of his photographs have been held in California and as far away as Maine, Florida and New York. His work has been described in French ("Le Monde"), British ("The Photo") and numerous American publications, including the Journal of American Photography, Polaroid's Close-Up Magazine and the Popular Photography Annual. Rogers' photographs are part of the permanent collection of the San Francisco Museum of

Modern Art, the Center for Creative Photography at the University of Arizona and Joseph E. Seagrams and Sons in New York City. He has taught photography at the San Francisco Museum of Modern Art.

B. *Creating The Photograph "Puppies"*

In 1980 an acquaintance, Jim Scanlon, commissioned Rogers to photograph his eight new German Shepherd puppies. When Rogers went to his home on September 21, 1980 he decided that taking a picture of the puppies alone would not work successfully, and chose instead to include Scanlon and his wife holding them. Substantial creative effort went into both the composition and production of "Puppies," a black and white photograph. At the photo session, and later in his lab, Rogers drew on his years of artistic development. He selected the light, the location, the bench on which the Scanlons are seated and the arrangement of the small dogs. He also made creative judgments concerning technical matters with his camera and the use of natural light. He prepared a set of "contact sheets," containing 50 different images, from which one was selected.

After the Scanlons purchased their prints for $200, "Puppies" became part of Rogers' catalogue of images available for further use, from which he, like many professional photographers, makes his living. "Puppies" has been used and exhibited a number of times. A signed print of it has been sold to a private collector, and in 1989 it was licensed for use in an anthology called "Dog Days." Rogers also planned to use the picture in a series of hand-tinted prints of his works. In 1984 Rogers had licensed "Puppies", along with other works, to Museum Graphics, a company that produces and sells notecards and postcards with high quality reproductions of photographs by well-respected American photographers including, for example, Ansel Adams. Museum Graphics has produced and distributed the "Puppies" notecard since

1984. The first printing was of 5,000 copies and there has been a second similar size printing.

C. *Koons*

Defendant Jeff Koons is a 37-year-old artist and sculptor residing in New York City. After receiving a Bachelor of Fine Arts degree from Maryland Institute College of Art in 1976, he worked at a number of jobs, principally membership development at the Museum of Modern Art in New York. While pursuing his career as an artist, he also worked until 1984 as a mutual funds salesman, a registered commodities salesman and broker, and a commodities futures broker. In the ten years from 1980 to 1990 Koons has exhibited his works in approximately 100 Group Exhibitions and in eleven one-man shows. His bibliography is extensive. Koons is represented by Sonnabend Gallery, New York, Donald Young Gallery, Chicago, and Galerie Max Hetzler, Cologne, Germany. His works sell at very substantial prices, over $100,000. He is a controversial artist hailed by some as a "modern Michelangelo," while others find his art "truly offensive." A New York Times critic complained that "Koons is pushing the relationship between art and money so far that everyone involved comes out looking slightly absurd."

D. *Creating the Sculpture "String of Puppies"*

After a successful Sonnabend show in 1986, Koons began creating a group of 20 sculptures for a 1988 exhibition at the same gallery that he called the "Banality Show." He works in an art tradition dating back to the beginning of the twentieth century. This tradition defines its efforts as follows: when the artist finishes his work, the meaning of the original object has been extracted and an entirely new meaning set in its place. An example is Andy Warhol's reproduction of multiple images of Campbell's soup cans. Koons' most famous

work in this genre is a stainless steel casting of an inflatable rabbit holding a carrot. During 1986 and 1987 the sculptor traveled widely in Europe looking at materials and workshops where he might fabricate materials for the Banality Show. He decided to use porcelain, mirrors and wood as mediums. Certain European studios were chosen to execute his porcelain works, other studios chosen for the mirror pieces, and the small Demetz Studio, located in the northern hill country town of Ortessi, Italy, was selected to carve the wood sculptures.

Koons acknowledges that the source for "String of Puppies" was a Museum Graphics notecard of "Puppies" which he purchased in a "very commercial, tourist-like card shop" in 1987. After buying the card, he tore off that portion showing Rogers' copyright of "Puppies." Koons saw certain criteria in the notecard that he thought made it a workable source. He believed it to be typical, commonplace and familiar. The notecard was also similar to other images of people holding animals that Koons had collected. Thus, he viewed the picture as part of the mass culture—"resting in the collective sub-consciousness of people regardless of whether the card had actually ever been seen by such people."

Appellant gave his artisans one of Rogers' notecards and told them to copy it. But in order to guide the creation of a three-dimensional sculptural piece from the two-dimensional photograph, Koons communicated extensively with the Demetz Studio. He visited it once a week during the period the piece was being carved by the workers and gave them written instructions. In his "production notes" Koons stressed that he wanted "Puppies" copied faithfully in the sculpture. For example, he told his artisans the "*work must be just like photo*—features of photo must be captured;" later, "*puppies need detail in fur.* Details—Just Like *Photo*!;" other notes instruct the artisans to "*keep man in angle of photo*—mild lean to side & mildly forward—same for woman," to "keep woman's big smile," and to "keep [the sculpture] very,

very realistic;" others state, "*Girl's nose is too small. Please make larger as per photo*;" another reminds the artisans that "The puppies must have variation in fur *as per photo*—not just large area of paint—variation *as per photo*." (emphasis supplied).

To paint the polychromed wood "String of Puppies" sculptures, Koons provided a chart with an enlarged photocopy of "Puppies" in the center; painting directions were noted in the margin with arrows drawn to various areas of the photograph. The chart noted, "Puppies, painted in shades of blue. Variation of light-to-dark *as per photo*. Paint realistic *as per photo*, but in blues." and "Man's hair, white with shades of grey *as per black and white photo*!" (emphasis supplied).

When it was finished, "String of Puppies" was displayed at the Sonnabend Gallery, which opened the Banality Show on November 19, 1988. Three of the four copies made were sold to collectors for a total of $367,000; the fourth or artist's copy was kept by Koons. Defendant Koons' use of "Puppies" to create "String of Puppies" was not authorized by plaintiff. Rogers learned of Koons' unauthorized use of his work through Jim Scanlon, the man who had commissioned Rogers to create "Puppies." A friend of Scanlon's, who was familiar with the photograph, called to tell him that what she took to be a "colorized" version of "Puppies" was on the front page of the calendar section of the May 7, 1989 Sunday *Los Angeles Times*. In fact, as she and Scanlon later learned, the newspaper actually depicted Koons' "String of Puppies" in connection with an article about its exhibition at the Los Angeles Museum of Contemporary Art.

## PRIOR PROCEEDINGS

Rogers brought this action against Koons and Sonnabend Gallery on October 11, 1989, alleging copyright infringement and unfair competition under § 43(a) of the Lanham Act and under state law. Both sides advised the

district court at an early stage of the proceedings that, at least as to copyright infringement, disputed factual issues were unlikely and disposition on summary judgment would probably be appropriate. After completion of discovery, both sides moved for that relief on July 5, 1990. Rogers' motion was limited to the copyright infringement claim. Koons and the Sonnabend Gallery sought summary judgment dismissing all counts in plaintiff's complaint.

The district court held oral argument on November 26, 1990. In a December 10, 1990 decision, described more fully below, it found that Koons copied "Puppies" in "String of Puppies" and that this copying was not a fair use. It therefore found infringement. Rogers' motion for an infringing profits award was denied because the trial court believed there were disputed questions of fact concerning their computation. As to Sonnabend Gallery, the district court concluded on February 22, 1991 that the record showed Sonnabend's as well as Koons' liability for infringing profits. On March 27, 1991 it entered a permanent injunction enjoining Koons and Sonnabend Gallery from making, selling, lending or displaying any copies of, or derivative works based on, "Puppies," and, pursuant to 17 U.S.C. § 503, requiring defendants to deliver all infringing articles to plaintiff within 20 days, including the fourth or artist's copy of "String of Puppies."

When defendants failed to comply with the turn-over order, Rogers moved to hold defendant Koons in contempt. The proceedings on that motion revealed that nine days after the injunction was issued, Koons had loaned the fourth copy of "String of Puppies" to a museum in Germany and arranged for its shipment out of the United States. After a hearing on May 8, 1991 the district court held Koons in contempt, directed him to do whatever was necessary to effect the sculpture's return from Germany,

and imposed a daily fine for continued non-compliance to commence eight days later.

On May 28, 1991 we denied Koons' motion to stay the injunction and the contempt penalty pending appeal, but delayed the commencement of the daily fine until June 7, 1991. From the finding of copyright infringement, the granting of a permanent injunction, and the turn-over order appellants Koons and Sonnabend appeal. Rogers cross-appeals from the denial of an award prior to trial for infringing profits. We affirm.

## DISCUSSION

### I *Ownership of Copyright in an Original Work of Art*

One of the powers given Congress under Art. I, § 8 of the United States Constitution is: "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors, the exclusive Right to their respective Writings and Discoveries." Madison noted that "[T]he utility of this power will scarcely be questioned." The Federalist No. 43 (Madison) at 279. He further observed that copyright for authors was their right under common law. *Id.*; *see* 2 Blackstone, *Commentaries on the Laws of England* 407 (Univ. of Chicago ed. 1979). As a result, Congress enacted a copyright law, 17 U.S.C. § 101 *et seq.* (1976), under which the instant litigation was instituted.

To establish an infringement of a copyright, a plaintiff must show both ownership of a copyright and that defendant copied the protected material without authorization. *See Weissmann v. Freeman*, 868 F.2d 1313, 1320 (2d Cir.), *cert. denied*, 493 U.S. 883 (1989). The Copyright Act makes a certificate of registration from the U.S. Register of Copyrights *prima facie* evidence of the valid ownership of a copyright, *see* 17 U.S.C. § 410(c), though that presumption of ownership may be rebutted, *see Hasbro Bradley, Inc. v. Sparkle Toys, Inc.*, 780 F.2d

189, 192 (2d Cir. 1985). Protection under the copyright statute extends to pictorial works, 17 U.S.C. § 102(a)(5). For more than a century photographs have been held to be copyrightable "writings" under Article I, § 8 of the Constitution. *Burrow-Giles Lithograph Co. v. Sarony*, 111 U.S. 53 (1884) (photograph of Oscar Wilde an original work of art).

Of the several issues before us, the first concerns the originality of "Puppies." Defendants do not challenge plaintiff's ownership of a valid copyright, but assert instead that the portion of Rogers' work allegedly infringed was not an original work of authorship protected under the 1976 Copyright Act. Since the law protects authors' exclusive rights to their works, the cornerstone of that law is that the work protected must be original. *See Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 111 S.Ct. 1282, 1287 (1991). Thus, that a whole work is copyrighted does not mean that every element of it is copyrighted; copyright protection extends only to those components of the work that are original to the creator. *Id.* at 1289. But the quantity of originality that need be shown is modest—only a dash of it will do. *Id.* at 1287; 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 1.08[C][1] (1991) (Nimmer).

Elements of originality in a photograph may include posing the subjects, lighting, angle, selection of film and camera, evoking the desired expression, and almost any other variant involved. *See Burrow Giles*, 111 U.S. at 60. 1 Nimmer, § 2.08[E][1]. To the extent that these factors are involved, "Puppies" is the product of plaintiffs' artistic creation. Rogers' inventive efforts in posing the group for the photograph, taking the picture, and printing "Puppies" suffices to meet the original work of art criteria. Thus, in terms of his unique expression of the subject matter captured in the photograph, plaintiff has established valid ownership of a copyright in an original work of art.

II *Unauthorized Copying by Defendant*

Plaintiff next must demonstrate that defendant Koons copied his protected work without authorization. The district court granted summary judgment to Rogers on this issue, finding Koons' sculpture "String of Pupplies" an unauthorized copy of Rogers' photograph. Summary judgment may be an appropriate remedy in copyright infringement suits. *See, e.g., Peter Pan Fabrics, Inc. v. Dan River Mills, Inc.*, 295 F. Supp. 1366, 1369 (S.D.N.Y.), *aff'd*, 415 F.2d 1007 (2d Cir. 1969). Yet, such relief will be denied when the question of substantial similarity is one on which reasonable minds could differ. *See, e.g., Twentieth Century-Fox Film Corp. v. MCA, Inc.*, 715 F.2d 1327, 1329 (9th Cir. 1983).

Here, the trial court found original elements of creative expression in the copyrighted work were copied and that the copying was so blatantly apparent as not to require a trial. We agree that no reasonable juror could find that copying did not occur in this case. First, this case presents the rare scenario where there is direct evidence of copying. Koons admittedly gave a copy of the photograph to the Italian artisans with the explicit instruction that the work be copied. Moreover, the importance of copying the very details of the photograph that embodied plaintiff's original contribution—the poses, the shading, the expressions—was stressed by Koons throughout the creation of the sculpture. His instructions invariably implored that the creation must be designed "as per photo." This undisputed direct evidence of copying is sufficient to support the district court's granting of summary judgment.

Further, even were such direct evidence of copying unavailable, the district court's decision could be upheld in this case on the basis that defendant Koons' access to the copyrighted work is conceded, and the accused work is so substantially similar to the copyrighted work that reasonable jurors could not differ on this issue. *See*

*Warner Brothers, Inc. v. American Broadcasting Cos., Inc.*, 654 F.2d 204, 207 (2d Cir. 1981).

Substantial similiarity does not require literally identical copying of every detail. *See* 3 Nimmer, § 13.03[A]. *See also Comptone Company Ltd. v. Rayex Corp.*, 251 F.2d 487, 488 (2d Cir. 1958). Such similarity is determined by the ordinary observer test: the inquiry is "whether an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work." *Ideal Toy Corp. v. Fab-Lu Ltd.*, 360 F.2d 1021, 1022 (2d Cir. 1966). Or, stated another way, whether "the ordinary observer, unless he set out to detect the disparities, would be disposed to overlook them, and regard their aesthetic appeal as the same." *Peter Pan Fabrics, Inc. v. Martin Weiner Corp.*, 274 F.2d 487, 489 (2d Cir. 1960). Thus, Koons' allegation that a trial judge uneducated in art is not an appropriate decision-maker misses the mark; the decision-maker, whether it be a judge or a jury, need not have any special skills other than to be a reasonable and average lay person.

We recognize that ideas, concepts, and the like found in the common domain are the inheritance of everyone. What is protected is the original or unique way that an author expresses those ideas, concepts, principles or processes. Hence, in looking at these two works of art to determine whether they are substantially similar, focus must be on the similarity of the *expression* of an idea or fact, not on the similarity of the facts, ideas or concepts themselves. *See Durham Industries, Inc. v. Tomy Corp.*, 630 F.2d 905, 912 (2d Cir. 1980). It is not therefore the idea of a couple with eight small puppies seated on a bench that is protected, but rather Roger's *expression* of this idea—as caught in the placement, in the particular light, and in the expressions of the subjects—that gives the photograph its charming and unique character, that is to say, makes it original and copyrightable.

Thus, had appellant simply used the *idea* presented by the photo, there would not have been infringing copying. But here Koons used the identical expression of the idea that Rogers created; the composition, the poses, and the expressions were all incorporated into the sculpture to the extent that, under the ordinary observer test, we conclude that no reasonable jury could have differed on the issue of substantial similarity. For this reason, the district court properly held that Koons "copied" the original.

Moreover, no copier may defend the act of plagiarism by pointing out how much of the copy he has not pirated. *See Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 56 (2d Cir.) (L. Hand, J.), *cert. denied*, 298 U.S. 669 (1936). Thus, where substantial similarity is found, small changes here and there made by the copier are unavailing. It is only where the points of dissimilarity exceed those that are similar and those similar are—when compared to the original work—of small import quantitatively or qualitatively that a finding of no infringement is appropriate. *See* 3 Nimmer § 13.03[B][1][a]. This is not the case here. Koons' additions, such as the flowers in the hair of the couple and the bulbous noses of the puppies, are insufficient to raise a genuine issue of material fact with regard to copying in light of the overwhelming similarity to the protected expression of the original work.

Because of Koons' extensive use of the same expression of the idea that Rogers' created, it was properly held that he "copied" the protected features of the original. No genuine issue of material fact exists with respect to this finding; "String of Puppies' was copied from the photograph "Puppies" based either on the direct evidence of copying or on proof of access and substantial similarity. In light of this summary judgment was properly granted on this issue.

## III *The Fair Use Doctrine*

Defendant Koons further defends his use of Rogers' work "Puppies" to craft "String of Puppies" under a claim of a privilege of "fair use." This equitable doctrine permits other people to use copyrighted material without the owner's consent in a reasonable manner for certain purposes. Codified in § 107 of the 1976 Copyright Act, it is of ancient lineage. Section 107 states that an original work copied for purposes such as criticism or comment may not constitute infringement, but instead may be a fair use. The section provides an illustrative—but not exhaustive—list of factors for determining when a use is "fair." These factors include (1) the purpose and character of the use, (2) the nature of the copyrighted work, (3) the amount and substantiality of the work used, and (4) the effect of the use on the market value of the original. 17 U.S.C. § 107.

The fact that the test envisioned by the Act is dependent on the circumstances of each case, *see* 3 Nimmer, § 13.05[A], might suggest summary judgment is unavailable when fair use is the issue, but such relief may be granted when appropriate. *See e.g., Stewart v. Abend*, 495 U.S. 207 (1990) (summary judgment granted upon finding of no fair use). The trial court found no genuine issues of fact present regarding the fair use exception and granted summary judgment to plaintiff on this issue also. We proceed therefore to analyze the fair use factors in the circumstances of the case at hand. Our examination of these factors leads us to conclude that the district court properly granted summary judgment in favor of plaintiff.

### 1. *Purpose and Character of the Use*

The first factor, purpose and character of the use, asks whether the original was copied in good faith to benefit the public or primarily for the commercial interests of the infringer. *See MCA, Inc. v. Wilson*, 677 F.2d 180, 182

(2d Cir. 1981). Knowing exploitation of a copyrighted work for personal gain militates against a finding of fair use. And—because it is an equitable doctrine—wrongful denial of exploitative conduct towards the work of another may bar an otherwise legitimate fair use claim. *See* 3 Nimmer, § 13.05[A][1]. Relevant to this issue is Koons' conduct, especially his action in tearing the copyright mark off of a Rogers notecard prior to sending it to the Italian artisans. This action suggests bad faith in defendant's use of plaintiff's work, and militates against a finding of fair use.

The Supreme Court has held that copies made for commercial or profit-making purposes are presumptively unfair. *See Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 449 (1984). The Court explained in a subsequent case that the "crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price." *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 562 (1985). We have stated that, though it is a significant factor, whether the profit element of the fair use calculus affects the ultimate determination of whether there is a fair use depends on the totality of the factors considered; it is not itself controlling. *See Maxtone-Graham v. Burtchaell*, 803 F.2d 1253, 1262 (2d Cir. 1986), *cert. denied*, 481 U.S. 1059 (1987). Thus, while we note that Koons' substantial profit from his intentionally exploitive use of Rogers' work also militates against the finding of fair use, we turn next to consider his contention that the primary purpose of the use was for social comment.

*Parody or Satire as Fair Use:* The Act expressly provides that comment on or criticism of a copyrighted work may be a valid use under the fair use doctrine. We must analyze therefore whether "String of Puppies" is properly considered a comment on or criticism of the photograph

"Puppies." Koons argues that his sculpture is a satire or parody of society at large. He insists that "String of Puppies" is a fair social criticism and asserts to support that proposition that he belongs to the school of American artists who believe the mass production of commodities and media images has caused a deterioration in the quality of society, and this artistic tradition of which he is a member proposes through incorporating these images into works of art to comment critically both on the incorporated object and the political and economic system that created it. These themes, Koons states, draw upon the artistic movements of Cubism and Dadaism, with particular influence attributed to Marcel Duchamp, who in 1913 became the first to incorporate manufactured objects (readymades) into a work of art, directly influencing Koons' work and the work of other contemporary American artists. We accept this definition of the objective of this group of American artists.

To analyze Koons' parody defense, we must first define it. Parody or satire, as we understand it, is when one artist, for comic effect or social commentary, closely imitates the style of another artist and in so doing creates a new art work that makes ridiculous the style and expression of the original. Under our cases parody and satire are valued forms of criticism, encouraged because this sort of criticism itself fosters the creativity protected by the copyright law. *See Warner Bros., Inc. v. American Broadcasting Cos., Inc.*, 720 F.2d 231, 242 (2d Cir. 1983). We have consistently held that a parody entitles its creator under the fair use doctrine to more extensive use of the copied work than is ordinarily allowed under the substantial similarity test. *See Elsmere Music, Inc. v. National Broadcasting Co.*, 623 F.2d 252, 253 (2d Cir. 1980) (per curiam).

Hence, it must first be determined whether "String of Puppies" is a parody of Rogers' work for purposes of the fair use doctrine. We agree with the district court that it

is not. It is the rule in this Circuit that though the satire need not be only of the copied work and may, as appellants urge of "String of Puppies," also be a parody of modern society, the copied work must be, at least in part, an object of the parody, otherwise there would be no need to conjure up the original work. *See MCA, Inc. v. Wilson*, 677 F.2d at 185; 3 Nimmer, § 13.05[C] n. 60.9.

We think this is a necessary rule, as were it otherwise there would be no real limitation on the copier's use of another's copyrighted work to make a statement on some aspect of society at large. If an infringement of copyrightable expression could be justified as fair use solely on the basis of the infringer's claim to a higher or different artistic use—without insuring public awareness of the original work—there would be no practicable boundary to the fair use defense. Koons' claim that his infringement of Rogers' work is fair use solely because he is acting within an artistic tradition of commenting upon the commonplace thus cannot be accepted. The rule's function is to insure that credit is given where credit is due. By requiring that the copied work be an object of the parody, we merely insist that the audience be aware that underlying the parody there is an original and separate expression, attributable to a different artist. This awareness may come from the fact that the copied work is publicly known or because its existence is in some manner acknowledged by the parodist in connection with the parody. Of course, while our view of this matter does not necessarily prevent Koons' expression, although it may, it does recognize that any such exploitation must at least entail "paying the customary price." *Harper & Row Publishers, Inc.*, 471 U.S. at 562.

The problem in the instant case is that even given that "String of Puppies" is a satirical critique of our materialistic society, it is difficult to discern any parody of the photograph "Puppies" itself. We conclude therefore that this first factor of the fair use doctrine cuts against a

finding of fair use. The circumstances of this case indicates that Koons' copying of the photograph "Puppies" was done in bad faith, primarily for profit-making motives, and did not constitute a parody of the original work.

2. *Nature of the Copyrighted Work*

The next fair use factor asks what is the nature of the work that has been copied. Where the original work is factual rather than fictional the scope of fair use is broader. *See New Era Publications, Int'l. v. Carol Publishing Group*, 904 F.2d 152, 157 (2d Cir.), *cert. denied*, 111 S. Ct. 297 (1990). Whether the original is creative, imaginative, or represents an investment of time in anticipation of a financial return also should be considered. *MCA, Inc. v. Wilson*, 677 F.2d at 182. Here "Puppies" was a published work of art. As an original expression it has more in common with fiction than with works based on facts, such as, for example, biographies or telephone directories. Since "Puppies" was creative and imaginative and Rogers, who makes his living as a photographer, hopes to gain a financial return for his efforts with this photograph, this factor militates against a finding of fair use.

3. *Amount and Substantiality of Work Used*

Where the amount of copying exceeds permissible levels, summary judgment has been upheld. *Walt Disney Productions v. Air Pirates*, 581 F.2d 751, 758 (9th Cir. 1978), *cert. denied*, 439 U.S. 1132 (1979). To a large degree, this factor involves the same analysis as that used when determining if the copy is substantially similar to the original. Sometimes wholesale copying may be permitted, while in other cases taking even a small percentage of the original work has been held unfair use. *See Maxtone-Graham*, 803 F.2d at 1263. "[W]hat is relevant is the amount and substantiality of the copyrighted *expression* that has been used, not the *factual content* of the material in the copyrighted works." *Salinger v. Random*

*House, Inc.*, 811 F.2d 90, 97 (2d Cir.) (emphasis in original), *reh'g denied*, 818 F.2d 252, *cert. denied*, 484 U.S. 890 (1987). It is not fair use when more of the original is copied than necessary. Even more critical than the quantity is the qualitative degree of the copying: what degree of the essence of the original is copied in relation to its whole. *Id.* at 98; *see also New Era Publications Int'l*, 904 F.2d at 159.

Appellants claim that under a parody defense their use of Rogers' work did not exceed the level permitted under the fair use doctrine. As discussed previously, this Circuit has traditionally afforded parodists significant leeway with respect to the extent and nature of their copying. *See Elsmere*, 623 F.2d at 253, n.1; *Berlin v. E.C. Publications, Inc.*, 329 F.2d 541, 545 (2d Cir.), *cert. denied*, 379 U.S. 822 (1964). Yet, even under such a defense there are limitations on what constitutes fair use. *See MCA v. Wilson*, 677 F.2d at 185. Here, the essence of Rogers' photograph was copied nearly *in toto*, much more than would have been necessary even if the sculpture had been a parody of plaintiff's work. In short, it is not really the parody flag that appellants are sailing under, but rather the flag of piracy. Moreover, because we have already determined that "String of Puppies" is not a parody of Rogers' work, appellants cannot avail themselves of this heightened tolerance under a parody defense.

Nor does *Sony Corp. of America*, 464 U.S. at 449-50, bear the weight that appellants place on it for the proposition that even 100 percent copying does not preclude a fair use finding. Although correct as a general statement, it applied in *Sony* to a narrow set of circumstances. Sony's copying equipment (Betamax VCRs) was used by members of the public to record television programs—the copyright of which was owned by plaintiffs. The question was whether Sony's selling of the copying equipment violated plaintiffs' rights under the Copyright Act.

The Supreme Court said "no" because "time-shifting" for those watching a television program enlarges the viewing audience, and does not impair plaintiffs' commercial right in the value of the copyright. Hence, no basis existed under the Act upon which plaintiffs could hold Sony liable for selling VCR's to the general public. *Id.* at 421.

Those are not the facts found here. Instead, Koons' copying of Rogers' work was the essence of the photograph, and designedly done as the notes to the Italian artisans conclusively reveal. Koons went well beyond the factual subject matter of the photograph to incorporate the very expression of the work created by Rogers. We find that no reasonable jury could conclude that Koons did not exceed a permissible level of copying under the fair use doctrine.

4. *Effect of the Use on the Market Value of the Original*

The fourth factor looks at the effect of the use on the market value of the original. The Supreme Court in *Stewart*, 495 U.S. 207, stated that the fourth factor "is the 'most important, and indeed, central fair use factor.'" *Id.* at 238 (quoting 3 Nimmer § 13.05[A]); *see also Harper & Row*, 471 U.S. at 566. Under this factor a balance must be struck between the benefit gained by the copyright owner when the copying is found an unfair use and the benefit gained by the public when the use is held to be fair. The less adverse impact on the owner, the less public benefit need be shown to sustain non-commercial fair use. It is plain that where a use has no demonstrable impact on a copyright owners' potential market, the use need not be prohibited to protect the artist's incentive to pursue his inventive skills. Yet where the use is intended for commercial gain some meaningful likelihood of future harm is presumed. *See Sony Corp. of America*, 464 U.S. at 451.

A critical inquiry under this factor then is whether defendants Koons and Sonnabend planned to profit from their exploitation of "Puppies" without paying Rogers for their use of his photo—that is, whether Koons' work is primarily commercial in nature. We have already concluded that it is. In this case, of course, the copy was in a different medium than the original: one was a three-dimensional piece of sculpture, and the other a two-dimensional black and white photo. But the owner of a copyright with respect to this market-factor need only demonstrate that if the unauthorized use becomes "widespread" it would prejudice his potential market for his work. *See id.; Harper & Row*, 471 U.S. at 568. The reason for this rule relates to a central concern of copyright law that unfair copying undercuts demand for the original work and, as an inevitable consequence, chills creation of such works. Hence the inquiry considers not only harm to the market for the original photograph, but also harm to the market for derivative works. It is obviously not implausible that another artist, who would be willing to purchase the rights from Rogers, would want to produce a sculpture like Rogers' photo and, with Koons' work extant, such market is reduced. Similarly, defendants could take and sell photos of "String of Puppies," which would prejudice Rogers' potential market for the sale of the "Puppies" notecards, in addition to any other derivative use he might plan.

Further, in discussing this fourth factor, the leading scholar in this area of the law uses an example that closely parallels the facts of the present case and demonstrates the irrelevance of copying in a different medium when analyzing this factor: a movie adaptation is made of a book. Even though the movie may boost book sales, it is an unfair use because of the effect on the potential sale of adaptation rights. 3 Nimmer, § 13.05[B]. The function of demand for each original work of art is a relevant facet in this factor's analysis; that is, fair use permits lyrics or music to be copied in a literary magazine,

but where the same material is published in a song sheet magazine, purchased for playing and not simply for reading, it is an unfair use. *Id.*

Here there is simply nothing in the record to support a view that Koons produced "String of Puppies" for anything other than sale as high-priced art. Hence, the likelihood of future harm to Rogers' photograph is presumed, and plaintiff's market for his work has been prejudiced.

## IV *Infringing Profits*

The next issue concerns Rogers' claim for infringing profits in the amount of $367,000. Under 17 U.S.C. § 504(b) a copyright owner is entitled to recover actual damages suffered as a result of the infringement as well as apportioned profits. The section states: "In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work." Alternatively, in place of actual damages and apportioned profits, a copyright owner may elect to recover an award of statutory damages. *See* 17 U.S.C. § 504(c).

In Rogers' cross-appeal he asserts, in response to defendants' argument that we lack appellate jurisdiction over this issue, that jurisdiction exists on two independent bases. He further contends that there are no issues of fact and that the matter should be remanded simply to enter an award in his favor. Although we agree with Rogers that jurisdiction over this aspect of the judgment appealed from exists, we are unable to grant the award he seeks.

The district court stated that deposition and documentary evidence regarding the deductible expenses referred to in § 504(b) are present in the record. We are satisfied that defendants have incurred deductible expenses in

some amount and that they should have an opportunity to prove them as an offset to plaintiff's evidence of infringing damages. Further, the amount of actual damages incurred by Rogers, as well as the proper apportionment of Koons' profits between Rogers and Koons, remain to be determined on remand. With respect to the calculation of actual damages, "the primary measure of recovery is the extent to which the market value of the copyrighted work at the time of the infringement has been injured or destroyed by the infringement." *Fitzgerald Pub. Co., Inc. v. Baylor Pub. Co., Inc.*, 807 F.2d 1110, 1118 (2d Cir. 1986). While we leave the ascertainment of damages to the district court, under the circumstances of this case, we think that a reasonable license fee for the use of "Puppies" best approximates the market injury sustained by Rogers as a result of Koons' misappropriation. *See Deltak, Inc. v. Advanced Systems, Inc.*, 767 F.2d 357, 360-61 (7th Cir. 1985) ("The value of the infringer's use is a permissible basis for estimating actual damages."); *Sid & Marty Kroft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1174 (9th Cir. 1977) (same).

On the subject of apportioning profits, the copyright law requires that Koons have the opportunity to establish those "elements of profit attributable to factors other than the copyrighted work." 17 U.S.C. § 504(b). These "elements" may include Koons' own notoriety and his related ability to command high prices for his work. *See Sheldon v. Metro-Goldwyn Corp.*, 309 U.S. 390, 407-09 (1940) (considering "the drawing power of the 'motion picture stars' . . . the artistic conceptions . . . and . . . the expert supervision and direction of the various processes which made possible the composite result"); *Frank Music Corp. v. Metro-Goldwyn-Mayer Inc.*, 886 F.2d 1545, 1549 (9th Cir. 1989), *cert. denied*, 494 U.S. 1017 (1990) ("Where a defendant alters infringing material to suit its own unique purposes, those alterations and the crea-

tivity behind them should be taken into account in apportioning the profits of the infringing work."); *Abend v. MCA, Inc.*, 863 F.2d 1465, 1478, *aff'd sub nom. Stewart v. Abend*, 495 U.S. 207 (1990) (considering outstanding performances and brilliant direction); *ABKCO Music, Inc. v. Harrisongs Music*, 508 F. Supp. 798, 801 (S.D.N.Y. 1981), *modified*, 722 F.2d 988 (2d Cir. 1983) (considering "international 'name'" of infringing recording artist). *See also* 3 Nimmer § 14.03[C]. To the extent that Koons is able to prove that the profits at issue derive solely from his own position in the art world, he should be allowed to retain them.

Finally, we note that Rogers remains at liberty to elect statutory damages in lieu of an award of actual damages and apportioned profits. *See* 17 U.S.C. § 504(c). In fact, given Koons' wilful and egregious behavior, we think Rogers may be a good candidate for enhanced statutory damages pursuant to 17 U.S.C. § 504(c)(2). *See Fitzgerald Pub. Co.*, 807 F.2d at 1115. Of course, that determination remains for the district court to make in the first instance.

The case must be remanded therefore for the district court to determine the amount of the award, a matter which it had reserved to itself prior to the institution of this appeal.

## V *The Turn-Over Order*

Finally, the turn-over order of the artist's copy is an equitable remedy issued under the broad powers vested in a trial judge under 17 U.S.C. § 503(b) (court may order destruction or other reasonable disposition of infringing copies). In this case, after Judge Haight issued his turn-over order, Koons arranged to ship the fourth or artist's copy of "String of Puppies" from the United States to Germany. We see no abuse of the district court's discretion in directing turn-over and, under the

circumstances, the contempt order for the direct violation of the turn-over order was entirely proper.

## CONCLUSION

Accordingly, the judgment of the district court is affirmed in all respects.

## APPENDIX B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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89 Civ. 6707 (CSH)

ART ROGERS,

—against— *Plaintiff,*

JEFF KOONS and SONNABEND GALLERY, INC.,
*Defendants.*

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MEMORANDUM OPINION AND ORDER

HAIGHT, *District Judge*:

Plaintiff, a professional photographer, brings this action against defendants, a sculptor and an art gallery, for copyright infringement under the Copyright Act, Lanhan Act violations, and unfair competition under the laws of New York and California. Plaintiff moves under Rule 56, Fed.R.Civ.P., for summary judgment on his first cause of action for copyright infringement. Defendants cross-move for summary judgment dismissing the complaint.

*Background*

The facts are largely undisputed. Plaintiff Art Rogers is a professional photographer resident in California. In 1980 Jim Scanlon, another California resident familiar with Rogers' work, commissioned Rogers to make a photographic portrait of the Scanlons' new litter of eight German Shepherd puppies. Rogers went to the Scanlon home. Rather than attempting to pose the puppies alone, he included Scanlon and his wife Mary, who were photographed sitting on a bench holding the puppies. Rogers succeeded in getting two adults and eight puppies to hold still long

enough to produce a charming photograph which Rogers named "Puppies." "Puppies" was published in Rogers' photography column in a local newspaper in 1980. The photograph was exhibited, along with other works by Rogers, at the San Francisco Museum of Modern Art in 1982. In 1984 Rogers licensed "Puppies" along with other works to Museum Graphics, a company that produces and sells notecards and postcards with high quality reproductions of photographs by American photographers, including Ansel Adams. Museum Graphics has produced an distributed the "Puppies" notecard since 1984. A signed print of "Puppies" has been sold to a private collector. In 1989 Rogers licensed the photograph for use in an anthology called "Dog Days." Rogers has stated in an affidavit that he plans to use "Puppies" in a series of hand tinted prints of his works.

Defendant Jeff Koons is a well-known American artist and sculptor resident in New York whose works are exhibited at galleries and museums in the United States and elsewhere and sold to the public. Defendant Sonnabend Gallery represents Koons and serves as his agent in connection with the display and sale of his works. In October 1986 Koons began the process of creating sculptures for what he eventually termed his "Banality Show." His work extended over two years. The exhibition opened at Sonnabend Gallery on November 19, 1988. The exhibition consisted of 20 sculptural works. In Koons' perception, "the subject for the show would be Banality but the message would be a spiritual one. And while being uplifting, the also work would be [sic] critical commentary on conspicuous consumption, greed, and self indulgence." Defendants' Main Brief at 6. All the works were sculptures in various media, including several in "polychromed wood," which is wood painted different colors with oil paint. Each work was produced in an "edition" of three, so that three copies were available for sale to the public. An "artist's proof" of each sculpture was also produced for Koons which he could sell later if he wished.

During the fall and winter of 1986 and throughout 1987 Koons collected material for possible sculptures. He then located and contracted with workshops that could craft the desired materials in the fashion that Koons desired.

At the end of 1987 or in 1988 Koons purchased at least two Museum Graphics notecards displaying Rogers' "Puppies" photograph. These cards were imprinted with Rogers' copyright, although the photograph had not yet been registered. Koons decided to use the photograph for one of the sculptures to be exhibited in the Banality Show. He tore off that portion of the note card showing the copyright notice and sent the photograph to the Demetz Arts Studio in Italy, with instructions to make a polychromed wood sculptural version of the photograph, a work that Koons instructed Demetz "must be just like photo." Ex 15 to Koons deposition (notes Koons furnished to Demetz in connection with producing the sculpture). Koons continued to communicate with Demetz, reiterating that the features of the humans and the puppies be reproduced "as per photo." Ex. 16. As to the painting of the sculpture, Koons gave Demetz a chart with an enlarged photocopy of "Puppies" in the center, and on which he noted painting directions in the margin with arrows drawn to various areas of the photograph. Koons instructed Demetz to paint the puppies in shades of "blue," with "variation of light-to-dark as per photo." The man's hair was to be "white with shades of grey as per black and white photo.") Ex. 14.

The end result was a polychromed wood sculpture 42 inches by 62 inches by 37 inches (not including the base which is 32 inches by 67 by 31 inches). Koons called the sculpture "String of Puppies."

Following the display of "String of Puppies" at the Sonnabend Gallery in December 1988, Koons sold the edition of three sculptures to collectors for a total of

$367,000. Two were sold for the price stated by the Gallery of $125,000. The third buyer paid $117,000. Koons retains a fourth "String of Puppies" sculpture at his storage facility.

Rogers learned of the sculpture through Scanlon. A friend of Scanlon's familiar with the notecard called Scanlon and said that the photograph "Puppies" was on the front page of the calendar section of the Sunday Los Angeles Times, but had been "colorized." Scanlon, having obtained and read the article, realized that it was not a tinted version of the photograph "Puppies," but rather was a photograph of Koons' sculpture "String of Puppies," then on exhibition at the Los Angeles Museum of Contemporary Art. Scanlon told Rogers about it.

Rogers registered his photograph "Puppies" with the United States Copyright Office, obtaining registration number VA 352/001. The effective date of the registration is July 6, 1989. The certificate recites a date of first publication in the United States of November 20, 1980.

Rogers filed this action against Koons and Sonnabend Gallery on October 11, 1989.

It is common ground that Koons did not inform Rogers of his intended use of the photograph, and that Rogers had no knowledge of that use until Scanlon informed him.

Rogers now moves for summary judgment on the first cause of action in the complaint, for copyright infringement. Defendants cross-move for summary judgment dismissing all causes of action.

*Discussion*

Koons concedes, as he must, that he "used" Rogers' photograph "Puppies" as "source material" for his sculpture "String of Puppies." Koons prefers to avoid the verb "copied." Semantics do not decide the issue, which

is whether or not Koons' conduct constitutes copyright infringement.

Koons says it does not for two principal reasons. First, he argues that Rogers' copyright protection "is strictly limited to the work *as a photograph*." Main Brief at 21 fn. (emphasis added). At oral argument, Koons counsel carried that argument to its logical conclusion and contended that any sculptor could "use" or "copy" any copyrighted photograph without incurring liability as an infringer. Secondly, Koons relies upon the doctrine of fair use. I discuss these contentions in turn.

*Use*

Koons' main contention under this heading is that the use he made of the Rogers photograph related only to non-copyrightable elements. Koons relies upon the familiar rule that copyright protection extends only to original acts of expression, so that purely factual information is in the public domain. *See, e.g. Hoeling v. Universal City Studios, Inc.*, 618 F.2d 972, 979 (2d Cir. 1980).

That rule has no meaningful application here. Koons does not articulate what non-protectible factual information he regards himself as having used. It is of course the fact that Mr. and Mrs. Scanlon's German Shepherd produced a litter of eight puppies; that the Scanlons thought the puppies were cute; and that they asked Rogers to photograph them. But the manner in which Rogers arranged his subjects and carried out his photographer's art constitutes a protectible original act of expression, as the certificate issued by the Copyright Office reflects.

Koons' reproduction of the Rogers photograph in sculpture form does not preclude a finding of copyright infringement. The Copyright Act, 17 U.S.C. § 106, confers upon the copyright owner "the exclusive rights to do

and to authorize," *inter alia*, the preparation of "derivative works based upon the copyrighted work." § 106(2). The statute defines a "derivative work" as a work "based upon one or more preexisting works, such as [an] . . . art reproduction, . . . or any other form in which a work may be recast, transformed, or adapted." §101. Under the plain wording of the statute, Koons' sculpture is a derivative work based upon Rogers' photograph; and Rogers as copyright owner had the exclusive right to authorize derivative work. It is well settled that a photographer's originality in photographic expression is entitled to full copyright protection. *See Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 55 (1884).

Koons' effort to limit that protection to the photograph "as a photograph" runs counter to caselaw. In copyright law the medium is not the message, and a change in medium does not preclude infringement. That has long been the rule of this Court and the Second Circuit. In *Falk v. T.P. Howell & Co.*, 37 Fed. 202 (S.D.N.Y. 1988), defendant, a chair manufacturer, copied plaintiff's copyrighted photograph "and stamped a raised figure, like the picture, on the leather of which the bottoms and backs of chairs are made." Judge Coxe cited *Burrow-Giles Co. v. Sarony*, *supra*, for the proposition that a photograph may be the subject of a copy right, and then said:

> The only question is, do the defendants infringe? That their design is copied directly from the copyrighted photograph is not denied, but it is urged that infringement is avoided, because it is larger than the photograph, and is stamped on leather, and is intended for the bottom or back of a chair. It is thought that this proposition cannot be maintained. Differences which relate merely to size and material are not important.

The Second Circuit cited that language with approval in *King Features Syndicate v. Fleischer*, 299 Fed. 533 (2d Cir. 1924), where the defendant copied plaintiff's

cartoon character for the manufacture of a toy. The court of appeals said generally at 535:

> We do not think it avoids the infringement of the copyright to take the substance or idea, and produce it through a different medium, and picturing in shape and details insufficient imitation to make a true copy of the character thought of by the appellant's employee. Doing this is omitting the work of the artisan, but appropriating the genius of the artist.

After quoting the indicated language from *Falk*, the court of appeals then observed at 536:

> A piece of statuary may be infringed by the picture of the statuary for the Copyright Act secured to the author the original and natural rights and it is the intendment of the law of copyrights that they shall have a liberal construction in order to give effect to what may be consideerd as an inherent right of the author in his work.[1]

The Second Circuit reached the same result without discussion in *Fleischer Studios, Inc. v. Ralph A. Freundlich, Inc.*, 73 F.2d 726 (2d Cir. 1934), where the defendant manufactured dolls copying the plaintiff's copyrighted book of cartoons.

These cases are closely analogous to the case at bar. Three-dimensional toys or dolls copied from one-dimensional cartoons are the functional equivalents of a three-dimensional sculpture copied from a single-dimensional photograph. Such cases are consistent with the general principle stated in 1 M. and D. Nimmer, *Nimmer on Copyright*, (1989) § 2.08(E) at 2-123 to 2-124, where the authors state that it is

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[1] The case at bar presents the converse proposition. If a picture of a piece of statuary may infringe the sculptor's copyright, so may sculpture infringe a photographer's copyright.

> fundamental that copyright in a work protects against unauthorized copying not only in the original medium in which the work was produced, but also in any one medium as well. . . . The fact that a work in one medium has been copied from a work in another medium does not render it any less a "copy".

By way of contrast, Koons cites no authority for his blanket proposition that a sculpture cannot in law infringe a copyrighted photograph. That proposition seems to me contrary to the Copyright Act and these cases construing the statute, and I reject it.

Koons argues that Rogers must show substantial similarity between the photograph and the sculpture to sustain a claim of infringement, and that the differences in size, texture and color preclude such a finding. This is really the discredited "substitute medium" argument in a different form. Rogers says that where direct copying is conceded, substantial similarity drops out of the analysis. He cites *Illinois Bell Telephone v. Haines & Co., Inc.* 905 F.2d 1081, 1086 (7th Cir. 1990) ("To satisfy the copying element of infringement, direct evidence of copying will suffice. . . . Establishing substantial similarity is necessary only when direct evidence of copying is unavailable"), and *Rural Telephone Service Company, Inc. v. Feist Publications, Inc.*, 663 F. Supp. 214, 218 (D.Kan. 1987) ("The 'substantial similarity' test is used when there is no direct evidence of copying."). For that proposition the district court in *Rural Telephone* cited *Durham Industries, Inc. v. Tomy Corp.*, 630 F.2d 905, 911-12 (2d Cir. 1980). I do not find that particular rule clearly stated in *Durham Industries*, but the case does demonstrate that the present test of substantial similarity in the Second Circuit is "whether an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work." *See* discussion at 630 F.2d at 911-12 (*citing and quoting Ideal Toy Co. v. Fab-Lu Ltd.*, 360 F.2d 1021, 1022 (2d Cir. 1966)).

There is no question in the case at bar that "an average lay observer" would recognize the sculpture "String of Puppies" as "having been appropriated from" the photograph "Puppies." Questions of size and color aside, the sculpture is as exact a copy of the photograph as Koons' hired artisans could fashion, which is precisely what Koons told them to do. Indeed, Scanlon's friend, having observed a newspaper picture of the sculpture, assumed that it was Rogers' photograph, having been "colorized."

Koons' copying of Rogers' photograph constitutes copyright infringement, unless Koons' conduct may be characterized as "fair use."

*Fair Use*

Koons asserts that even his use of Rogers' photograph constituted unauthorized copying, it is a fair use and therefore not infringing.

The fair use doctrine, which is incorporated into the 1976 Copyright Act, has been considered in three recent Supreme Court decisions: *Stewart v. Abend*, 110 S.Ct. 1750 (1990); *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 529 (1985); and *Sony Corp. of America v. Universal Studios, Inc.*, 464 U.S. 417 (1984). The fair use doctrine evolved in response to the rigid and inflexible common law rule that the author's property in his intellectual creation was absolute until he voluntarily parted with it. *Stewart* at 1768. The doctrine is an "equitable rule of reason", *Sony* at 448, which "permits courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster." *Stewart* at 1768 (*citing and quoting Iowa State University Research Foundation, Inc. v. American Broadcasting Companies*, 621 F.2d 57, 60 (2d Cir. 1980)).

17 U.S.C. § 107 provides "that fair use of a copyrighted work . . . is not an infringement of copyright." The stat-

ute attempts no generally applicable definition of fair use, since the doctrine, an equitable rule of reason, is fact-oriented. But Congress did provide in § 107 examples of fair use, and factors to be considered in determining whether a particular case falls within the doctrine. The examples are copying "for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research." The four non-exclusive factors the courts must consider in determining whether an unauthorized use is not infringing are:

> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
>
> (2) the nature of the copyrighted work;
>
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
>
> (4) the effect of the use upon the potential market for or value of the copyrighted work.

Koons' sculpture does not fall within any statutory examples. There was a faint suggestion in his argument that the sculpture, together with the other works in the "Banality Show, were intended to comment satirically upon contemporary values. But I construe the words "criticism" and "comment" as used in § 107 to refer to such usage specifically addressed to the copyrighted work. Koons' sculpture does not criticize or comment upon Rogers' photograph. It simply appropriates it.

Turning from the statutory examples to § 107's four factors, the first involves consideration of whether Koons' use of the Rogers photograph "is of a commercial nature or is for non-profit educational purposes. . ." Clearly Koons' sculpture is not for "non-profit educational purposes." But I do not think Congress intended that phrase

to embrace all non-commercial use. Use of a copyrighted work by a church, synagogue or mosque for purposes of spiritual inspiration would not, I should think, be regarded as use "of a commercial nature." However, the Koons sculpture does not fall in that category either; and, notwithstanding its unquestioned status as a work of art, the sculpture is not unsullied by considerations of commerce. Koons actively markets his sculptures, by displaying them at galleries and through published advertisements, and they bring considerable sums from the public, as the sale of the "String of Puppies" sculptures indicates. In *Stewart v. Abend* the infringing use was a motion picture based upon a copyrighted story. The re-release of the motion picture earned the defendants $12 million. The Ninth Circuit rejected defendants' "bold proposition that a work's popularity may make its value educational rather than commercial. Clearly, the defendants' 'use is of a commercial nature.'" *Abend v. MCA, Inc.*, 863 F.2d 1465, 1481 (2d Cir. 1988). The Supreme Court approved that conclusion at 110 S.Ct. 1768:

> [Defendants] asserted before the Court of Appeals that their use was educational rather than commercial. The Court of Appeals found nothing in the record to support this assertion, nor do we.

In the case at bar, given the plain wording of the statute and this recent construction, I conclude that Koons' use of the Rogers photograph was of a commercial nature.

As to the second factor, the Supreme Court in *Stewart* approved the observation of the Ninth Circuit that "[a] use is less likely to be deemed fair when the copyrighted work is a creative product, 863 F.2d at 1481, adding: "In general, fair use is more likely to be found in factual works than that in fictional works." 110 S. Ct. at 1769. Rogers' photograph is a creative work, more closely akin to fiction.

The third factor considers the amount and substantiality of the portion used in relation to the copyrighted work as a whole. Koons appropriated the entire photograph.

The fourth factor, the effective of the use upon the potential market for or value of the copyrighted work, is regarded as "the most important, and indeed, central fair use factor." *Stewart* at 1769, quoting the *Nimmer* text. Koons argues that this factor militates in favor of fair use because his sculpture does not compete directly in the market place with Rogers' photograph. But it need not do so. In *Stewart* the owners of the infringing motion picture argued that the film would not prejudice the story's sale in book form, and that the re-release of the film may even "have promoted sales of the underlying story in the book medium." 863 F.2d at 1482. That argument failed because, in the Ninth Circuit's view, the film distributors' commercial use of a copyrighted story "adversely affects the story owner's adaptation rights." *Ibid.* The Supreme Court accepted that conclusion as well, stating at 1769:

> The record supports the Court of Appeals' conclusion that re-release of the film impinged on the ability to market new versions of the story. Common sense would yield the same conclusion.

The focus, in other words, is upon potential markets. In the case at bar, Rogers has shown through the affidavits of competent experts that photographers may earn additional income through the sale of "art rendering" rights, namely, creating an art work based on the photograph in a medium other than photography. *See* affidavits of Arnold Newman and Jane S. Kinne. Counsel for Koons said at oral argument that Rogers had expressed no prior interest in the art rendering submarket prior to this litigation. Rogers states in his affidavit that he is contemplating additional uses for his photograph. I do not think the case turns upon Rogers' past conduct

or present intention as much as it does upon the existence of a recognized market for new versions or new uses of the photograph, which unauthorized use clearly undermines.

I conclude that this factor, together with the others, militates against fair use.

In *Stewart* the Supreme Court said:

> The motion picture neither falls into any of the categories enumerated in § 107 nor meets the four criteria set forth in § 107. "[E]very [unauthorized] commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright." *Sony Corp. of America v. Universal Studios, Inc.*, *supra*, 464 U.S., at 451, 104 S.ct., at 793.

In those circumstances the Court held that defendants' use of the motion picture was not fair use. I reach the same conclusion with respect to Koons' use in his sculpture of the Rogers photograph.

Accordingly plaintiff is entitled to injunctive relief against both defendants.

*Claim for Money Damages*

Rogers seeks summary judgment against both defendants for money damages in the amount of $367,000. He contends that amount constitutes the "infringing profits" as specified by 17 U.S.C. § 504(b), which provides:

> The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the ele-

ments of profit attributable to factors other than the copyrighted work.

As to "deductible expenses," Rogers contends that Koons has not sufficiently quantified them in his summary judgment papers.

I agree that Koons did not attempt in his motion papers a detailed accounting of deductible expenses. But he did refer in his brief to deposition and documentary evidence addressing the issue. Rogers' reply brief quarrels with the deductibility of some of the expenses referred to in the documents produced in discovery. That demonstrates the existence of triable factual issues on the point. I decline to construe Rule 56 so as to preclude Koons from an opportunity to prove at trial the amount of deductible expenses, where it is clear that they must have been incurred in some amount and Koons has indicated in discovery the sort of proof upon which he will rely.

Rogers also seeks damages against Sonnabend Gallery, Inc., Koons' principal gallery which displayed the infringing sculptures. Plaintiff's claim against Sonnabend is not addressed in the briefs. His theory of recovery against Sonnabend is not entirely clear. There is no contention that Sonnabend had anything to do with the creation of the sculpture. Presumably Rogers proceeds against Sonnabend on the theory that "one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a 'contributory' infringer." *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, 443 F.2d, 1159, 1162 (2d Cir. 1971) (footnote omitted). I accept that Sonnabend's conduct in advertising and displaying the infringing sculptures materially contributed to Koons' infringing conduct. But Sonnabend must have had knowledge of the infringing activity to be liable on this theory. Plaintiff does not call my attention to any evidence in the record that responsi-

ble persons at Sonnabend knew Koons had copied the Rogers photograph.

On this record, therefore, plaintiff's motion for summary judgment for money damages is denied as to both defendants.

Defendants' cross-motion for summary judgment dismissing the complaint is denied for reasons that appear sufficiently from the foregoing discussion.

Plaintiff's motion summary judgment is granted in part and denied in part. Defendants' cross-motion for summary judgment is denied. Plaintiff's counsel is directed to settle an Order and Judgment on seven (7) days' notice within thirty (30) days of the date of this Opinion. The case will thereafter be called for further status conference.

It is SO ORDERED.

Dated: New York, New York
December 10, 1990

/s/ Charles S. Haight, Jr.
CHARLES S. HAIGHT, JR.
United States District Judge

## APPENDIX C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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89 Civ. 6707 (CSH)

ART ROGERS,

*Plaintiff,*

-against-

JEFF KOONS and SONNABEND GALLERY, INC.,

*Defendants.*

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MEMORANDUM OPINION AND ORDER

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HAIGHT, *District Judge*:

Following entry of this Court's Memorandum Opinion and Order dated December 10, 1990, familiarity with which is assumed, plaintiff made a timely motion for reargument pursuant to Civil Rule 3(j) of this Court.[1] Upon consideration, the motion for reargument is granted, and judgment for infringement will enter against defendant Sonnabend Gallery, Inc.

I am not at all certain that Sonnabend is vicariously liable for Koon's infringement under *Shapiro, Bernstein & Co. v. H.L. Green Co.*, 316 F.2d 304 (2d Cir. 1963), the case plaintiff relies upon for that theory of liability. Vicarious liability, the Second Circuit said in *Shapiro*, "depends upon a detailed examination of the relationship

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[1] There is no basis for defendants' characterization of the motion as one under Rule 59, Fed.R.Civ.P.

between" the primary infringer (in this case Koons) and the one sought to be held vicariously liable (in this case Sonnabend). 316 F.2d at 306. In *Shapiro* the defendant held vicariously liable operated a chain of retail stores. The primary infringer operated the phonograph record departments at concessionaire in those stores, and sold records which infringed the copyrights of plaintiffs, proprietors of musical compositions. The store owner, defendant H.L. Green Co., Inc. exacted from its concessionaire a licensing agreement which provided that the concessionaire's employees were to "abide by, observe and obey all rules and regulations promulgated from time to time by H.L. Green Company, Inc. . . ." Green also had the authority, in its "unreviewable discretion," to discharge any concessionaire employee believed to be conducting himself improperly. *Ibid.* In those particular circumstances, the Second Circuit regarded Green as bearing a closer resemblance to "the proprietor or manager of a dance hall leasing his premises to or hiring" an infringing dance band (vicariously liable), as opposed to a "landlord leasing his property at a fixed rental to a tenant who engages in copyright-infringing conduct on the leased premises" (not vicariously liable). *Id.* at 307.

In the case at bar, Sonnabend did not exercise that degree of supervision and control over Koons that Green did over its infringing concessionaire. As far as the dance hall cases go, the arguments fairly cut both ways. Neither party at bar cites an art gallery case, nor have I found one, which leads me to comment with Judge Kaufman in *Shapiro* upon the surprising dearth of squarely applicable precedents in "a business setting so common that the dearth of precedents seems inexplicable," *id.* at 305.

However, Sonnabend was unquestionably a seller of Koons' infringing sculptures. I agree with Rogers that Sonnabend is accordingly a direct infringer under *F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228

(1952). Woolworth sold cocker spaniel statuettes which, without Woolworth's knowledge, infringed the plaintiff's copyright. Woolworth was held liable as a direct infringer.

Counsel for Sonnabend argues that *Woolworth* did not address the point at issue. It is the fact that the Supreme Court granted certiorari "limiting the issues to the measure of recovery, as to which conflict appears among the lower courts." 344 U.S. at 229 (footnotes omitted). However, in its recitation of the facts, the court stated unequivocally:

> Unbeknown to Woolworth, these dogs had been copied from respondent's and by marketing them it became an infringer. *Ibid.*

I must regard that statement either as something the Court tossed off without thinking about it, or as a statement of what the Court conceived to be applicable copyright law. I adopt the latter interpretation. *See also* Justice Black's dissent at 234: "The earthenware dogs found to infringe respondent's copyright were bought by F.W. Woolworth Company in good faith at a total cost of $914.40."

Judge Goettel of this Court expressed the same principle more recently in *Kieselstein-Cord v. Accessories By Pearl, Inc.*, 489 F.Supp. 732, 737 (S.D.N.Y.) *reversed on other grounds*, 632 F.2d 989 (2d Cir. 1980):

> The fact that defendant did not copy the Winchester Buckle but instead allegedly bought unauthorized copies from a manufacturer without notice to defendant of the copyright does not affect the validity of the copyright or defendant's liability for infringement. If defendant has should the unauthorized copies, which he admits, defendant's liability—given a valid copyright—is established. The infringer's

claimed lack of knowledge of the copyright affects only damages, not basic liability and injunctive relief.

(footnote omitted).

In the case at bar, Sonnabend was identified as the seller on the sales invoices for the sculptures, and realized 50% of the infringing profits. I think that Sonnabend is a directly infringing seller within the principle of law articulated in *Woolworth*. This Court's prior Memorandum Opinion and Order is amended accordingly.

It is SO ORDERED.

Dated: New York, New York
February 22, 1991

/s/ Charles S. Haight, Jr.
CHARLES S. HAIGHT, JR.
United States District Judge

## APPENDIX D

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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89 Civ. 6707 (CSH)

ART ROGERS,

*Plaintiff*,

-against-

JEFF KOONS and SONNABEND GALLERY, INC.,

*Defendant.*

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ORDER AND JUDGMENT

HAIGHT, *District Judge*:

This action came on for hearing before the Court, Honorable Charles S. Haight, Jr., District Judge, presiding, upon plaintiff's motion for summary judgment on his copyright infringement claim and defendants' motion for summary judgment dismissing the complaint, and the issues having been duly heard and a Memorandum Opinion and Order, dated December 10, 1990, having been duly rendered, and that Memorandum Opinion having been amended by a Memorandum Opinion and Order dated February 22, 1991, the Court's Order and Judgment dated January 3, 1991, is hereby withdrawn and vacated; and

It is ORDERED, ADJUDGED and DECREED that defendant Jeff Koons, his employees, agents, affiliates and all those acting in concert therewith, and defendant Sonnabend Gallery, Inc., its officers, directors, employees, shareholders, agents and all those acting in concert therewith are ENJOINED and RESTRAINED from infringing plaintiff's copyright in his photograph entitled "Pup-

pies" by making, causing to be made, selling, leasing or distributing in any manner, lending, arranging for the loan of, displaying, or arranging for the display of, any works constituting copies of, or derivative works based upon, "Puppies", including but not limited to the sculpture "String of Puppies" or any photograph or representation thereof; and it is further

ORDERED, ADJUDGED and DECREED that the defendant Jeff Koons and Sonnabend Gallery, Inc. shall within twenty days, deliver to plaintiff's counsel all articles in their possession, custody or control that infringe plaintiff's copyright in his photograph entitled "Puppies", including, but not limited to, any editions of the sculpture "String of Puppies" and any photographs or representations thereof.

Dated: New York, New York
March 27, 1991

/s/ Charles S. Haight, Jr.
CHARLES S. HAIGHT, JR.
United States District Judge

## APPENDIX F

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

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At a stated term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the 18th day of May one thousand nine hundred and ninety two.

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Docket Number: 91-7396 (L)

ART ROGERS,
*Plaintiff-Appellee-Cross-Appellant,*

v.

JEFF KOONS; SONNABEND GALLERY, INC.,
*Defendants-Appellants-Cross-Appellees.*

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A petition for rehearing containing a suggestion that the action be reheard in banc having been filed herein by

Upon consideration by the panel that decided the appeal, it is

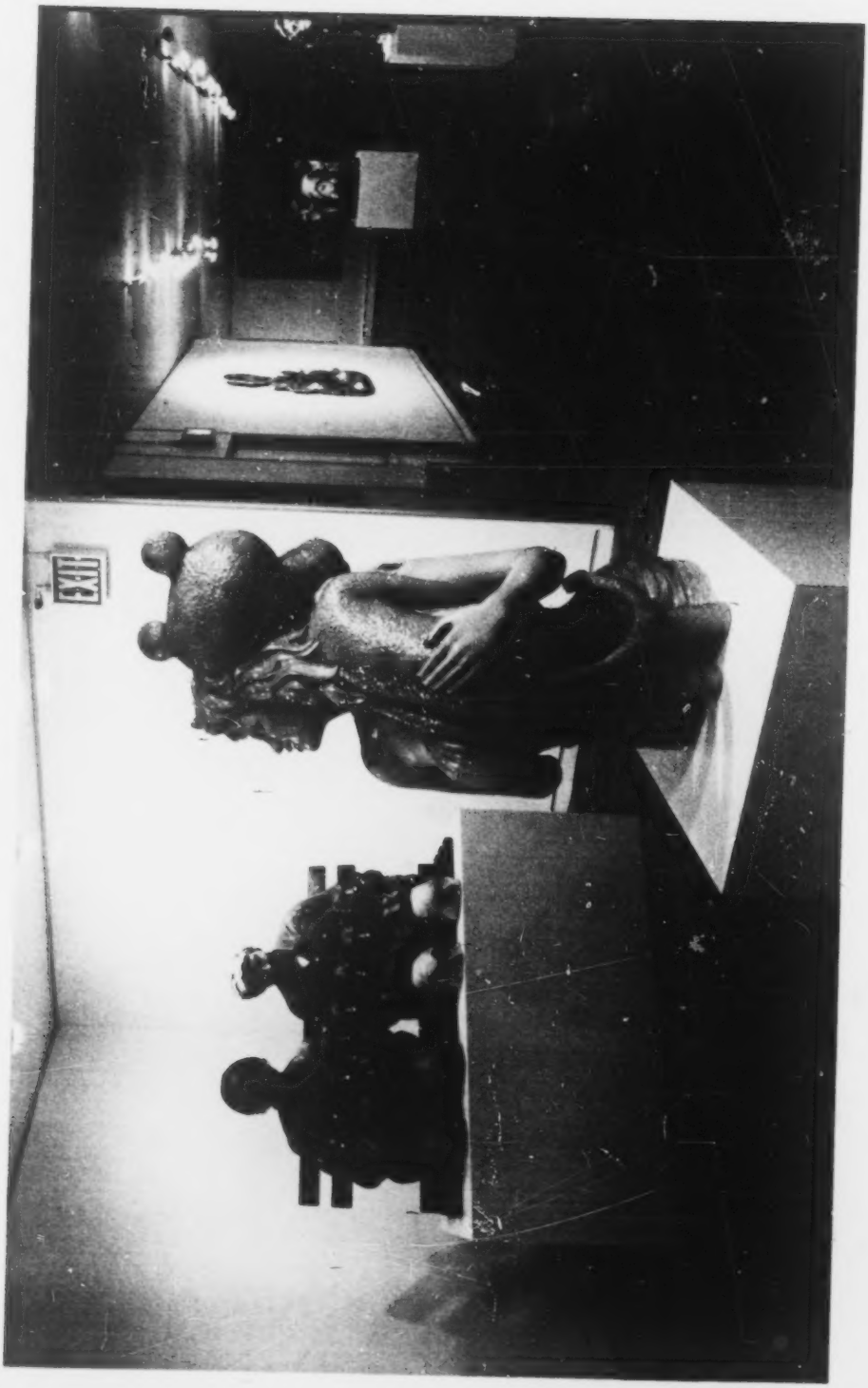
Ordered that said petition for rehearing is DENIED.

It is further noted that the suggestion for rehearing in banc has been transmitted to the judges of the court in regular active service and to any other judge that heard the appeal and that no such judge has requested that a vote be taken thereon.

/s/ Elaine B. Goldsmith
ELAINE B. GOLDSMITH
Clerk

## APPENDIX G

## APPENDIX H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